

Service Date: August 9, 1996

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application of)	
PACIFICORP for Authority to (1) Issue its)	
Promissory Notes to and Borrow from)	UTILITY DIVISION
Commercial Banks for (a) Not More Than)	
\$750,000,000 Under Revolving Credit)	DOCKET NO. D96.6.116
Agreements, and (b) Not More Than)	
\$1,000,000,000 Under Other Borrowing)	
Arrangements; and (2) Issue and Sell its)	DEFAULT ORDER NO. 5935
Commercial Paper in Principal Amounts)	
Not to Exceed \$1,000,000,000)	
Outstanding at Any One Time.)	

BACKGROUND

1. On July 21, 1994, PacifiCorp (Company), a corporation organized and existing under and by virtue of the laws of the State of Oregon and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to § 69-3-501 through § 69-3-507, MCA, requesting an order authorizing the Company to (1) issue, from time to time through August 31, 1999, its unsecured short-term promissory notes to and borrow from U.S. or foreign commercial banks (or their affiliates) under the following facilities:

- (a) not more than \$500,000,000 in aggregate principal amount outstanding at any one time under one or more revolving credit agreements (Agreements), provided that such notes mature not later than August 31, 1999; and

- (b) not more than \$750,000,000 in aggregate principal amount outstanding at any one time under other borrowing arrangements (Other Arrangements), provided that such notes mature not later than August 31, 2000;

and (2) issue and sell its commercial paper (Paper) in the U.S. or overseas, from time to time through August 31, 1999, in an aggregate principal amount not to exceed \$750,000,000 outstanding at any one time, provided that the Paper mature not later than August 31, 1999; provided, further, that the aggregate principal amounts outstanding under the Agreements, Other Arrangements and Paper not exceed \$750,000,000 at any one time. On August 10, 1994, the Commission issued Default Order No. 5798 in Docket No. 94.7.28 granting the Company's request.

2. The Company is now requesting that the authorities granted under Docket No. 94.7.28 be increased.

3. The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

4. At a regular open session of the Montana Public Service Commission held in its offices at 1701 Prospect Avenue, Helena, Montana, on August 5, 1996, there came before the Commission for final action the matters and things in Docket No. D96.6.116, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

5. The Company is a corporation organized and existing under and by virtue of the laws of the State of Oregon and is qualified to transact business in the State of Montana.

6. The Company is operating as a public utility as defined in § 69-3-101, MCA, and is engaged in furnishing electric service in Montana.

7. The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of PacifiCorp from Maine to Oregon. The Company uses the assumed business names of Pacific Power & Light Company and Utah Power & Light Company within their respective service territories located in the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming.

8. The Commission has jurisdiction over the subject matter of the application under § 69-3-102, MCA.

9. Notice of the application was published as a part of the Commission's regular weekly agenda.

10. The Company proposes to enter into Agreements pursuant to which it could issue, from time to time, its unsecured, short-term notes to certain foreign and domestic commercial banks (or their affiliates) in amounts not exceeding \$750,000,000 in aggregate principal amount at any one time outstanding. It is expected that the Agreements will have terms of three to five years, although shorter term Agreements may be considered. Under the Agreements, the Company expects to have a variety of interest rate options based on certain indexes of short-term rates, as well as a money market option involving an auction procedure. These borrowing options are expected to be comparable to the options in the Agreements previously filed with the Commission, although the applicable margins are expected to change from time to time.

11. Under the Other Arrangements, the Company proposes to issue, from time to time, its unsecured, short-term notes to certain foreign and domestic commercial banks (or their affiliates) in amounts not exceeding \$1,000,000,000 aggregate principal amount at any one time outstanding. The

Company expects to borrow under the Other Arrangements at a rate no greater than the Company would pay for borrowings under the Agreements.

12. The Company expects to issue the Paper to one or more commercial paper dealers (Dealers) who may be investment or commercial bankers. Prior to the expected issuance date, the Company will notify one or more Dealers of the date and the required amounts. For each issuance, the amount, interest or discount rate, maturity and other terms will be negotiated. It is anticipated that the Dealers will resell the Paper at a higher price to afford them a commission that is expected not to exceed 0.20% of the principal amount of the Paper sold from time to time.

13. The aggregate amount outstanding under the Agreements, Other Arrangements and Paper will not exceed \$1,000,000,000.

14. The Company estimates that the expenses associated with establishing its short-term facilities from time to time will be approximately \$300,000. The Company would incur these expenses periodically as the Agreements and other facilities terminate and are replaced.

15. The estimated expenses in establishing the Company's short-term debt facilities are as follows:

ESTIMATED FACILITIES' EXPENSES

Regulatory agency fees	\$ 1,000
Agent fees	150,000
Administrative fees	35,000
Company's counsel fees	30,000
Bank counsel fees	40,000
Bank meeting	15,000
Miscellaneous Expenses	<u>29,000</u>

TOTAL	<u>\$300,000</u>
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16. The purposes for which securities are proposed to be issued in this matter are the acquisition of utility property, the construction, extension or

improvement of utility facilities, the improvement or maintenance of service, the discharge or lawful refunding of obligations which were incurred for utility purposes or the reimbursement of the Company's treasury for funds used for the foregoing purposes.

17. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS OF LAW

1. The proposed issuances of promissory notes and Paper to which the application relates will be for lawful objects within the corporate purposes of the Company. The method of financing is proper.

2. The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp filed on June 28, 1996, for authority to (1) issue from time to time, its unsecured short-term promissory notes to and borrow from U.S. or foreign commercial banks (or their affiliates) under the following facilities: (a) not more than \$750,000,000 in aggregate principal amount outstanding at any one time under one or more revolving credit agreements (Agreements); and (b) not more than \$1,000,000,000 in aggregate principal amount outstanding at any one time under other borrowing arrangements (Other Arrangements); and (2) issue and sell its commercial paper (Paper) in the U.S. or overseas in an aggregate principal amount not to exceed \$1,000,000,000 outstanding at any one time; provided, further, that the aggregate principal amounts outstanding under the Agreements, Other Arrangements and Paper not exceed \$1,000,000,000 at any one time; and to use the proceeds for the purposes described in the Company's application, is approved.
2. Such authorities shall remain in effect through August 31, 1999.
3. PacifiCorp shall file the following as they become available:
 - a. The "Report of Securities Issued" required by 18 CFR 34.10.
 - b. Verified copies of any Agreement entered into pursuant to this Order.
 - c. A verified statement setting forth in reasonable detail the disposition of the proceeds during each year of the Agreements.
4. Issuance of this Order does not constitute acceptance of PacifiCorp's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

5. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

6. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp pursuant to the provisions of this Order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

7. This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 5th day of August, 1996, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

NANCY McCaffree, Chair

DAVE FISHER, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.